

DRAFT MINUTES
MICHIGAN FOREST FINANCE AUTHORITY (MFFA or AUTHORITY)
Board of Director's Meeting
Wednesday, June 11, 2008
Mason Building, 530 West Allegan, Lansing
Conference Room 6 East
2:00 p.m.

AUTHORITY BOARD OF DIRECTORS PRESENT

Mr. Joseph Fielek, Michigan Department of Treasury (Representing the State Treasurer as Chairman)
Mr. Martin Gibbs, (Representing Department of Labor and Economic Growth Director, Keith W. Cooley)
Dr. Paul Eisele, Masco Corporation
Mr. Kelvin Smyth, New Page Corporation
Mr. Shawn Hagan, the Forestland Group
Ms. Mindy Koch, Department of Natural Resources (Representing Director Rebecca Humphries as Vice-Chair)
Mr. Warren Suchovsky, Suchovsky Logging
Dr. Karen Potter-Witter, Michigan State University (MSU)
Mr. Garrett Johnson, The Nature Conservancy

MICHIGAN FOREST FINANCE AUTHORITY OTHERS PRESENT

Ms. Kim Korbecki, Department of Natural Resources (DNR)
Mr. John Carey, Department of Information Technology
Mr. David Neumann, DNR
Mr. George Berghorn, Forest Products Council
Mr. Ronald Murray, DNR
Ms. Cara Boucher, DNR
Ms. Lynne Boyd, DNR
Mr. Terrence P. Grady, Office of the Attorney General

WELCOME/INTRODUCTIONS

Acting Chair Fielek called the meeting of the Michigan Forest Finance Authority Board of Directors to order at 2:08 p.m. He welcomed all to the meeting and reported there was a quorum present. He announced that Ms. Mindy Koch was authorized to represent Director Humphries, and Ms. Cara Boucher was authorized to represent the state forester.

APPROVAL OF AGENDA

Acting Chair Fielek briefly reviewed the agenda and requested comments. There were none.

MOTION: Mr. Smyth moved to adopt the Agenda as presented; seconded by **Mr. Hagan**.
Motion carried unanimously

ADOPTION OF MINUTES/MARCH 12, 2008

Acting Chair Fielek asked for comments on the March 12, 2008 MFFA minutes; one change was mentioned regarding the Department listed for Mr. Martin Gibbs. Corrections to be made prior to posting.

MOTION: Mr. Suchovsky moved for adoption of the March 12, 2008 MFFA meeting Minutes, as corrected; seconded by **Mr. Smyth**.
Motion carried unanimously

PUBLIC COMMENTARY

None

INFORMATION

Update of Current Projects

Acting Chair Fielek announced the next agenda item, presented by Ms. Boucher.

Ms. Boucher reported the following information:

Red Pine Project

- 7,100 acres will be harvested over the next three years
- There is an estimated 8,450 acres that will go through the public review process by the end of 2008
- There can be some difference in actual acres between the inventory and harvesting process
- Treatments have been approved for 5,952 acres with the remaining acres being reviewed at the 2010 Year Of Entry (YOE) compartment open houses and compartment reviews this fall
- Approximately 3,700 acres of timber marking preparation contract bids have been prepared for bid to consultants
- An additional 1,844 acres are scheduled in June, however, marking contract prices have increased significantly
- Consultants are fully scheduled for spring, summer and fall
- More contracts have been bid out in the three years of the project than the Department originally thought would be
- Managers will be watching the June bids closely to determine if extending the deadlines to September 2008 will reduce bid prices

Archeological, Cultural Management

Ms. Boucher reported the following information:

- All staff is now onboard (hired and trained three project personnel)
- Approximately 700 archaeological sites on state forest lands have been identified
- Sites are being updated in the Office of the State Archaeologist's database and in a GIS overlay by a technician
- Trips have been scheduled to all Forest Management Units in June and July, to present cultural resource management training to staff using a PowerPoint presentation, display of artifacts, and site visit
- Since project staff could not be hired until March, the nine-month project is expected to run through December
- Project budget and goals are on schedule

Spatial Inventory Project

Ms. Boucher reported all staff is now onboard (four staff were hired in April and May) and are currently involved in hands-on training (Kotar Classification system, DNR databases and GIS systems); **Mr.**

Murray added they have made connections with the Soil Conservation Districts.

Woody Biomass Harvesting

Ms. Boucher reported the Minnesota and Wisconsin guidelines have been reviewed and companion information and guidance related to within stand retention, rutting, and soil and water quality practices, are key to effective biomass guidelines. The goal is to develop a draft for all land owners. Expect a completed draft in October. Revisions to the soil and water quality manual and modifications to DNR's within stand retention and rutting guidance are also being prepared.

Permanent Sample Plot System (PLT)

Ms. Boucher reported this has been completed and is ready to be released by the Michigan Department of Management and Budget; the DNR anticipates an award will be made in mid-August.

IFMAP

Mr. Carey provided the following update:

- Staff spent between February and May defining needs
- Looked at three alternatives, one of which was a combination of in-house software development in conjunction with off-the-shelf software, but rejected the cost of this option
- In the past week, the team has finalized in-house solution PDA software which runs on Windows Mobile 5 platform, but is also compatible with IFMAP
- Two prototypes have been created with a staff person working on a third
- The team is meeting next week with experienced IFMAP field people to determine if the design meets their needs
- The final rollout of Phase 1 will be in October

Mr. Murray commented that discussions had been held on how to work with Phase II; Landmark T-Cruise software can be used in Phase II platform, but it was decided it will work better to have our (the DNR) own application.

Mr. Carey reported a savings on this project of approximately \$25,000.

STATUS REPORT ON SPENDING

Acting Chair Fielek proceeded to the next agenda item, presented by Ms. Boucher.

Ms. Boucher provided a handout of the updated spending (as of June 3, 2008) for the Authority to review. Discussion ensued. **Dr. Eisele** commented he would like to see a way to "match cash out the door with cash in the door", as a way to track achievement. **Mr. Suchovsky** questioned if each line item can be tracked from start to finish; **Ms. Boucher** responded it could be. **Mr. Hagan** commented there doesn't appear to be enough staff to get everything done for the state and private landowners; he suggested if it would help, as an exercise for the Authority, perhaps they should prioritize to help guide the Department. Two that were made immediate priorities were the red pine project, and IFMAP. **Mr. Johnson** stated it would be helpful for Mr. Hagan to send a priority list to Cara. **Ms. Koch** stated Mr. Hagan should provide a priority list to Ms. Boucher; Ms. Boucher can then send the information out to the Authority who can send comments back to Ms. Boucher. This will be added as an agenda item for discussion at the September 10, 2008 Authority meeting. **Mr. Johnson** stated the handout (provided by Ms. Boucher) was helpful, especially for the subcommittee, and encouraged a supplement to the handout covering the current market.

Acting Chair Fielek asked for comments; there were none.

SUMMARY OF FFA PROJECT DIRECTION

Acting Chair Fielek proceeded to the next agenda item, presented by Ms. Boucher.

Ms. Boucher stated two new resolutions were being presented to focus on the Authority's intent. She commented she felt the grouping of projects selected has strengthened the intent of the Authority.

DEVELOPING PROJECT OPTIONS

Acting Chair Fielek moved to the next agenda item, presented by Ms. Boucher.

IFMAP Inventory Implementation Project

Ms. Boucher stated the idea behind this project is to update the way compartment reviews are conducted, and keep moving forward to try to have IFMAP functional throughout the state within the next two years. In talking with DNR field staff, they indicated Inventory Support Specialists are needed, as well as upgrade of equipment and network, and a solution to the imagery issues. Additional software licenses are already on order. The biggest key to success is training and training time, which will interfere with other tasks that need to be completed. The DNR is looking at the possibility of contracting some of those items out.

Ms. Boucher reported her best estimation is that \$1.3 million will be needed over the next two years to move the system forward. Discussion ensued. **Mr. Murray** commented that imagery has been an issue and the DNR would like to try some new techniques that have been proven successful over time. **Dr. Eisele** commented the package had been presented some time ago, and it appeared it was still on track. He suggested contracting IFMAP and VMS, and then report to the Authority in a few months. **Ms. Boyd** stated there were two resolutions to review today, for a total of \$2.8 million; if both are approved there would be a remaining \$1,740,074 left to spend. Discussion followed.

VMS Implementation Project

Ms. Boucher commented this was designed to link with timber sale accounting as well as other databases; it is currently a 20 year old DOS based program, with a number of different modules set up for it that deal with both timber sale practices and accounting. She added there have been many changes in the network, software, etc. and it would take a lot of time and money getting it upgraded. She stated it does not make sense to continue to try to "patch" the problem. The DNR needs to move forward with a more robust system. **Ms. Boucher** reported that staff is currently looking at what needs to be done, so she couldn't present the Authority with a funding estimate at this time. **Dr. Potter-Witter** questioned what four modules VMS have completed and if they also need to be redone; **Ms. Boucher** responded they are continually being updated. **Dr. Potter-Witter** asked how long the M1 Migration will take; **Mr. Carey** responded they are hoping to be completed next summer, but with the different needs of each department, there has been difficulty with the migration. **Acting Chair Fielek** thanked Ms. Boucher for the overview.

Mr. Garrett Johnson arrived at 2:15 p.m.

RESOLUTIONS

An Intensive Inventory of Northern Hardwood Stands on Michigan State Forests

Mr. Neumann stated he was presenting revised proposals; the information will be gathered in a way that can be used within or outside the DNR. It will be a red pine style of report with an operational dataset to use and facilitate individual stand treatments.

Revisions include: reduced scale from the previous northern hardwood proposal by about half with a focus on 2012 to 2016 YOY stands; increased design slightly; added cost for outside contractors; added additional administrative costs; cost of living increase; and clarified objectives for both proposals. These changes were discussed with the Timber and Market Subcommittee, who recommended a few changes and then accepted it.

Acting Chair Fielek asked the Authority for comments; there were none.

Acting Chair Fielek requested a motion to adopt.

MOTION: Dr. Eisele moved to adopt Resolution 2008-02; seconded by Dr. Potter-Witter.

VOTE: Ayes - Gibbs, Eisele, Smyth, Hagan, Koch, Suchovsky, Potter-Witter, Johnson and Fielek

Nays – None

Motion to adopt Resolution 2008-02 passed unanimously.

An Intensive Inventory of Oak Stands of Michigan State Forests

Acting Chair Fielek asked the Authority for discussion; there was none.

MOTION: Mr. Suchovsky moved to adopt Resolution 2008-03; seconded by Mr. Hagan.

VOTE: Ayes: Gibbs, Eisele, Smyth, Hagan, Koch, Suchovsky, Potter-Witter, Johnson and Fielek

Nays: None

Motion to adopt Resolution 2008-03 passed unanimously.

ADJOURNMENT

Next Meeting: September 10, 2008

Agenda Items: Priority List for Projects

Acting Chair Fielek requested a motion to adjourn

MOTION: Mr. Johnson moved to adjourn; supported by Mr. Hagan.

Meeting adjourned at 3:06 p.m.